

33

Interest Rates and Monetary Policy

Agenda Thurs 4/7

- Senior Talks & AP Registration
- Team Teaching: CH 33
 - P3: Angelo, Dulce, Fatima, Maria
 - HW Review: CH 33 Q#1,2; Q#3, P#3; Q#8
 - P5: Ms. K (finish strong....)
 - QOD Check...
 - Comparative Advantage (concl.)
- HW: Read CH 37 pp 755-763 Q#3,4
- **AND CH 33 Q#1,2**

2016 AP[®]

**Preadministration
Session**

Please Note:

Do **not** complete answer sheets for the following exams:

- AP Chinese Language and Culture
- AP Japanese Language and Culture
- Studio Art

For these exams, you will submit your information electronically.

Do you have...

- A student pack?
- An answer sheet?
- A No. 2 pencil?

Raise your hand if you need any of these items!

AP Student Pack

- Write your name on the upper right-hand corner of the sheet of AP number labels in the **center of the Student Pack**.
- Place one label on the back cover of the Student Pack in the top left-hand corner of the College Information card.

College Information Card
May 2016

**PLACE AN AP NUMBER LABEL OR
WRITE YOUR AP NUMBER HERE**

_ _ _ _ _

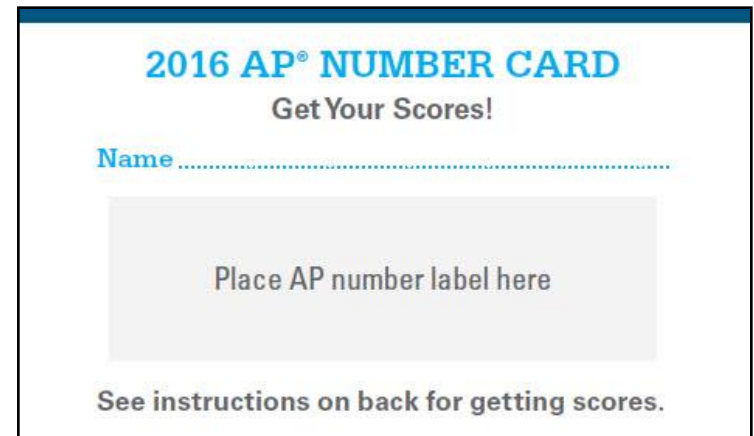
NOTE: This card must be received by June 15, 2016, in order to make changes or corrections before your scores are released. Contact AP Services for changes after this date.

Print your legal name and address in the boxes below. Omit apostrophes, Jr., or II.

Legal Last Name – First 15 Letters	Month	Day	Year
	Date of Birth		
Legal First Name – First 12 Letters	M.I.	<input type="checkbox"/> Check this box if address differs from address on your 2016 AP answer sheet.	

AP Number Card

- Take an AP number label and place it on the AP number card attached to the back cover of your Student Pack.
- Write your name on the card.
- Remove the card from the booklet, and keep it in a safe place.



The image shows a template for a 2016 AP Number Card. At the top, it reads "2016 AP® NUMBER CARD" in blue, followed by "Get Your Scores!" in black. Below this is a line for "Name" with a dotted line for writing. A large grey rectangular box in the center contains the text "Place AP number label here". At the bottom, it says "See instructions on back for getting scores." in a smaller font.

Don't lose your AP number!

- Your AP scores will be online only. You will not get scores in the mail.
- You will need the information on this card to view your scores and order AP score reporting services online.

Front Cover of the Student Pack

- Print your grade level, last name, first name, and middle initial.
- Print your six-digit school code.
- Print your AP number in the spaces indicated.
- Check the box next to each AP exam you plan to take this year.

Important!

AP score reports contain **all** of your AP scores from each testing year, so it is important to provide consistent information from year to year:

- Provide your full legal name.
- If you provide your Social Security number one year, you should provide it the next year.

Page 1 of the Answer Sheet

Item A: Leave this item blank.

AP
Answer Sheet
2016

AP Number Label
(from Student Pack)

AP Exam Label
(from Section I Booklet)

PAGE 1

CollegeBoard

COMPLETE THIS AREA AT EVERY EXAM. USE NO. 2 PENCIL ONLY

To maintain the security of the exam and the validity of my AP score, I will allow no one else to see the multiple-choice questions. I will seal the multiple-choice booklet when asked to do so, and I will not discuss these questions with anyone at any time after completing the section. I am aware of and agree to the AP Program's policies and procedures as outlined in the 2015-16 Bulletin for AP Students and Parents, including using testing accommodations (e.g., extended time, computer, etc.) only if I have been preapproved by College Board.

A. SIGNATURE Sign your legal name as it will appear on your college applications. Date

B. LEGAL NAME Omit apostrophes, Jr., II.
Legal Last Name — First 15 Letters Legal First Name — First 12 Letters MI

C. YOUR AP NUMBER

D. EXAM DATE Month Day

E. EXAM START TIME AM PM

F. MULTIPLE-CHOICE BOOKLET SERIAL NUMBER

G. ONLINE PROVIDER CODE

I. AREA CODE AND PHONE NUMBER

J. SCHOOL YOU ATTEND SCHOOL CODE School Name City State Country

K. DATE OF BIRTH Month Day Year

L. SOCIAL SECURITY NUMBER (Optional)

M. COLLEGE TO RECEIVE YOUR AP SCORE REPORT COLLEGE CODE Using the college code listed in the AP Student Pack

N. CURRENT GRADE LEVEL

109803-00857 • WE22-1

Page 1 of the Answer Sheet

Item B: Print your legal name: last name, first name, and middle initial, and fill in the corresponding circles.

AP
Answer Sheet
2016

AP Number Label
(from Student Pack)

AP Exam Label
(from Section I Booklet)

PAGE 1
CollegeBoard

COMPLETE THIS AREA AT EVERY EXAM. USE NO. 2 PENCIL ONLY

To maintain the security of the exam and the validity of my AP score, I will allow no one else to see the multiple-choice questions. I will seal the multiple-choice booklet when asked to do so, and I will not discuss these questions with anyone at any time after completing the section. I am aware of and agree to the AP Program's policies and procedures as outlined in the 2015-16 Bulletin for AP Students and Parents, including using testing accommodations (e.g., extended time, computer, etc.) only if I have been preapproved by College Board Services for Students with Disabilities.

A. SIGNATURE Sign your legal name as it will appear on your college applications. Date

B. LEGAL NAME Omit apostrophes, Jr., II.
Legal Last Name — First 15 Letters Legal First Name — First 12 Letters MI

C. YOUR AP NUMBER

D. EXAM DATE Month Day

E. EXAM START TIME AM PM

F. MULTIPLE-CHOICE BOOKLET SERIAL NUMBER

G. ONLINE PROVIDER CODE

L. AREA CODE AND PHONE NUMBER

J. SCHOOL YOU ATTEND
SCHOOL CODE School Name
City
State
Country

K. DATE OF BIRTH
Month Day Year

L. SOCIAL SECURITY NUMBER (Optional)

M. COLLEGE TO RECEIVE YOUR AP SCORE REPORT
COLLEGE CODE Using the college code listed in the AP Student Pack.

N. CURRENT GRADE LEVEL

AP Exam Answer Sheet 2016

Page 1: Student Information Area

In **Item I**, print your phone number, including your area code. Fill in the circles.

I. AREA CODE AND PHONE NUMBER									
0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9
INTERNATIONAL PHONE									

COMPLETE THIS AREA ONLY ONCE.									
J. SCHOOL YOU ATTEND									
SCHOOL CODE					School Name				
0	0	0	0	0					
1	1	1	1	1					
2	2	2	2	2					
3	3	3	3	3					
4	4	4	4	4					
5	5	5	5	5					
6	6	6	6	6					
7	7	7	7	7					
8	8	8	8	8					
9	9	9	9	9					
City					State				
Country									

K. DATE OF BIRTH									
Month	Day		Year						
<input type="radio"/> Jan									
<input type="radio"/> Feb	0	0	0	0					
<input type="radio"/> Mar	1	1	1	1					
<input type="radio"/> Apr	2	2	2	2					
<input type="radio"/> May	3	3	3	3					
<input type="radio"/> Jun		4	4	4					
<input type="radio"/> Jul		5	5	5					
<input type="radio"/> Aug		6	6	6					
<input type="radio"/> Sep		7	7	7					
<input type="radio"/> Oct		8	8	8					
<input type="radio"/> Nov		9	9	9					
<input type="radio"/> Dec									

L. SOCIAL SECURITY NUMBER (Optional)									
0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

M. COLLEGE TO RECEIVE YOUR AP SCORE REPORT									
COLLEGE CODE					Using the college code listed in the AP Student Pack, indicate the ONE college that you want to receive your AP score report.				
0	0	0	0	0					
1	1	1	1	1					
2	2	2	2	2					
3	3	3	3	3					
4	4	4	4	4					
5	5	5	5	5					
6	6	6	6	6					
7	7	7	7	7					
8	8	8	8	8					
9	9	9	9	9					
College Name									
City					State				
Country									

N. CURRENT GRADE LEVEL									
<input type="radio"/> Not yet in 9th grade	<input type="radio"/> 11th								
<input type="radio"/> 9th	<input type="radio"/> 12th								
<input type="radio"/> 10th	<input type="radio"/> No longer in high school								

O. STUDENT SEARCH SERVICE®									
Colleges and scholarship programs may request your information to inform you of educational opportunities and financial aid.									
Would you like us to supply your information?									
<input type="radio"/> Yes	<input type="radio"/> No								
If you don't answer and previously chose to participate in this service, we will continue providing your information.									

Page 1: Student Information Area

- In **Item J**, print the school code you printed on the front of your Student Pack, and fill in the circles.
- Then print the name, city, state, and country of your school.

I. AREA CODE AND PHONE NUMBER									
0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

INTERNATIONAL PHONE

L. SOCIAL SECURITY NUMBER (Optional)									
0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

COMPLETE THIS AREA ONLY ONCE.									
J. SCHOOL YOU ATTEND									
SCHOOL CODE					School Name				
0	0	0	0	0					
1	1	1	1	1					
2	2	2	2	2					
3	3	3	3	3					
4	4	4	4	4					
5	5	5	5	5					
6	6	6	6	6					
7	7	7	7	7					
8	8	8	8	8					
9	9	9	9	9					
					City				
					State				
					Country				

K. DATE OF BIRTH			
Month	Day	Year	
<input type="radio"/> Jan			
<input type="radio"/> Feb	0	0	0
<input type="radio"/> Mar	1	1	1
<input type="radio"/> Apr	2	2	2
<input type="radio"/> May	3	3	3
<input type="radio"/> Jun	4	4	4
<input type="radio"/> Jul	5	5	5
<input type="radio"/> Aug	6	6	6
<input type="radio"/> Sep	7	7	7
<input type="radio"/> Oct	8	8	8
<input type="radio"/> Nov	9	9	9
<input type="radio"/> Dec			

M. COLLEGE TO RECEIVE YOUR AP SCORE REPORT									
COLLEGE CODE					Using the college code listed in the AP Student Pack, indicate the ONE college that you want to receive your AP score report.				
0	0	0	0	0					
1	1	1	1	1					
2	2	2	2	2					
3	3	3	3	3					
4	4	4	4	4					
5	5	5	5	5					
6	6	6	6	6					
7	7	7	7	7					
8	8	8	8	8					
9	9	9	9	9					
					College Name				
					City				
					State				
					Country				

N. CURRENT GRADE LEVEL			
<input type="radio"/> Not yet in 9th grade	<input type="radio"/> 11th		
<input type="radio"/> 9th	<input type="radio"/> 12th		
<input type="radio"/> 10th	<input type="radio"/> No longer in high school		

O. STUDENT SEARCH SERVICE®	
Colleges and scholarship programs may request your information to inform you of educational opportunities and financial aid.	
Would you like us to supply your information?	
<input type="radio"/> Yes	<input type="radio"/> No
If you don't answer and previously chose to participate in this service, we will continue providing your information.	

Page 1: Student Information Area

- Complete **Item K**.
- **Item L** is optional. However, please provide your Social Security number if you provided it on previous AP Exams.

I. AREA CODE AND PHONE NUMBER									
0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9
INTERNATIONAL PHONE									

COMPLETE THIS AREA ONLY ONCE.									
J. SCHOOL YOU ATTEND									
SCHOOL CODE					School Name				
0	0	0	0	0					
1	1	1	1	1					
2	2	2	2	2					
3	3	3	3	3					
4	4	4	4	4					
5	5	5	5	5					
6	6	6	6	6					
7	7	7	7	7					
8	8	8	8	8					
9	9	9	9	9					
					City				
					State				
					Country				

K. DATE OF BIRTH									
Month	Day		Year						
<input type="radio"/> Jan									
<input type="radio"/> Feb	0	0	0	0					
<input type="radio"/> Mar	1	1	1	1					
<input type="radio"/> Apr	2	2	2	2					
<input type="radio"/> May	3	3	3	3					
<input type="radio"/> Jun	4	4	4	4					
<input type="radio"/> Jul	5	5	5	5					
<input type="radio"/> Aug	6	6	6	6					
<input type="radio"/> Sep	7	7	7	7					
<input type="radio"/> Oct	8	8	8	8					
<input type="radio"/> Nov	9	9	9	9					
<input type="radio"/> Dec									

L. SOCIAL SECURITY NUMBER (Optional)									
0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

M. COLLEGE TO RECEIVE YOUR AP SCORE REPORT									
COLLEGE CODE					Using the college code listed in the AP Student Pack, indicate the ONE college that you want to receive your AP score report.				
0	0	0	0	0					
1	1	1	1	1					
2	2	2	2	2					
3	3	3	3	3					
4	4	4	4	4					
5	5	5	5	5					
6	6	6	6	6					
7	7	7	7	7					
8	8	8	8	8					
9	9	9	9	9					
					College Name				
					City				
					State				
					Country				

N. CURRENT GRADE LEVEL									
<input type="radio"/> Not yet in 9th grade	<input type="radio"/> 11th								
<input type="radio"/> 9th	<input type="radio"/> 12th								
<input type="radio"/> 10th	<input type="radio"/> No longer in high school								

O. STUDENT SEARCH SERVICE®									
Colleges and scholarship programs may request your information to inform you of educational opportunities and financial aid.									
Would you like us to supply your information?									
<input type="radio"/> Yes					<input type="radio"/> No				
If you don't answer and previously chose to participate in this service, we will continue providing your information.									

Page 1: Student Information Area

- To send your scores to a college, complete **Item M**. The list of college codes is in your Student Pack.
- Complete **Item N**.

I. AREA CODE AND PHONE NUMBER									
0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9
INTERNATIONAL PHONE									

COMPLETE THIS AREA ONLY ONCE.									
J. SCHOOL YOU ATTEND					K. DATE OF BIRTH				
SCHOOL CODE					Month				
0	0	0	0	0	Jan	0	0	0	0
1	1	1	1	1	Feb	1	1	1	1
2	2	2	2	2	Mar	2	2	2	2
3	3	3	3	3	Apr	3	3	3	3
4	4	4	4	4	May	4	4	4	4
5	5	5	5	5	Jun	5	5	5	5
6	6	6	6	6	Jul	6	6	6	6
7	7	7	7	7	Aug	7	7	7	7
8	8	8	8	8	Sep	8	8	8	8
9	9	9	9	9	Oct	9	9	9	9
					Nov				
					Dec				

L. SOCIAL SECURITY NUMBER (Optional)									
0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

M. COLLEGE TO RECEIVE YOUR AP SCORE REPORT									
COLLEGE CODE					Using the college code listed in the AP Student Pack, indicate the ONE college that you want to receive your AP score report.				
0	0	0	0	0					
1	1	1	1	1	College Name				
2	2	2	2	2					
3	3	3	3	3	City				
4	4	4	4	4					
5	5	5	5	5	State				
6	6	6	6	6					
7	7	7	7	7	Country				
8	8	8	8	8					
9	9	9	9	9					

N. CURRENT GRADE LEVEL	
<input type="radio"/> Not yet in 9th grade	<input type="radio"/> 11th
<input type="radio"/> 9th	<input type="radio"/> 12th
<input type="radio"/> 10th	<input type="radio"/> No longer in high school

P. STUDENT SEARCH SERVICE®	
Colleges and scholarship programs may request your information to inform you of educational opportunities and financial aid.	
Would you like us to supply your information?	
<input type="radio"/> Yes	<input type="radio"/> No
If you don't answer and previously chose to participate in this service, we will continue providing your information.	

Page 1: Student Identification Information

- **Item O:** Do you wish to participate in the Student Search Service®?
- If you mark “Yes,” this email address will be provided to colleges, universities, scholarship programs, and educational opportunity organizations.

N. CURRENT GRADE LEVEL	
<input type="radio"/> Not yet in 9th grade	<input type="radio"/> 11th
<input type="radio"/> 9th	<input type="radio"/> 12th
<input type="radio"/> 10th	<input type="radio"/> No longer in high school

O. STUDENT SEARCH SERVICE®
Colleges and scholarship programs may request your information to inform you of educational opportunities and financial aid.
Would you like us to supply your information?
<input type="radio"/> Yes <input type="radio"/> No
If you don't answer and previously chose to participate in this service, we will continue providing your information.

Page 4: Student Identification Information

- In **Item U**, provide your email address so the College Board can send you important information about your scores.
- If you have a College Board account, be sure to use the same email address you used to create that account.

S. FOR STUDENTS OUTSIDE THE UNITED STATES ONLY		<input type="radio"/> GA <input type="radio"/> ME <input type="radio"/> NV <input type="radio"/> VA	T. STUDENT IDENTIFIER (Student ID Number)			
<input type="checkbox"/> If your address does not fit in the spaces provided in Item R, fill in as many circles as you can, then fill in the circle in Item S and print the remainder of your address in the spaces provided.						
Address	City	State or Province	Country	ZIP or Postal Code		
U. EMAIL ADDRESS		By providing your email address, you are granting the College Board permission to use your email in accordance with the policies in the 2015-16 Bulletin for AP Students and Parents.				

Finally...

- Check that all of the information provided is correct.
- Are there any questions?
- Answer sheets and Student Packs will now be collected. They will be returned to you at your first exam.
- Remember to take your AP number card with you.
- Best of luck to you on your AP Exams!

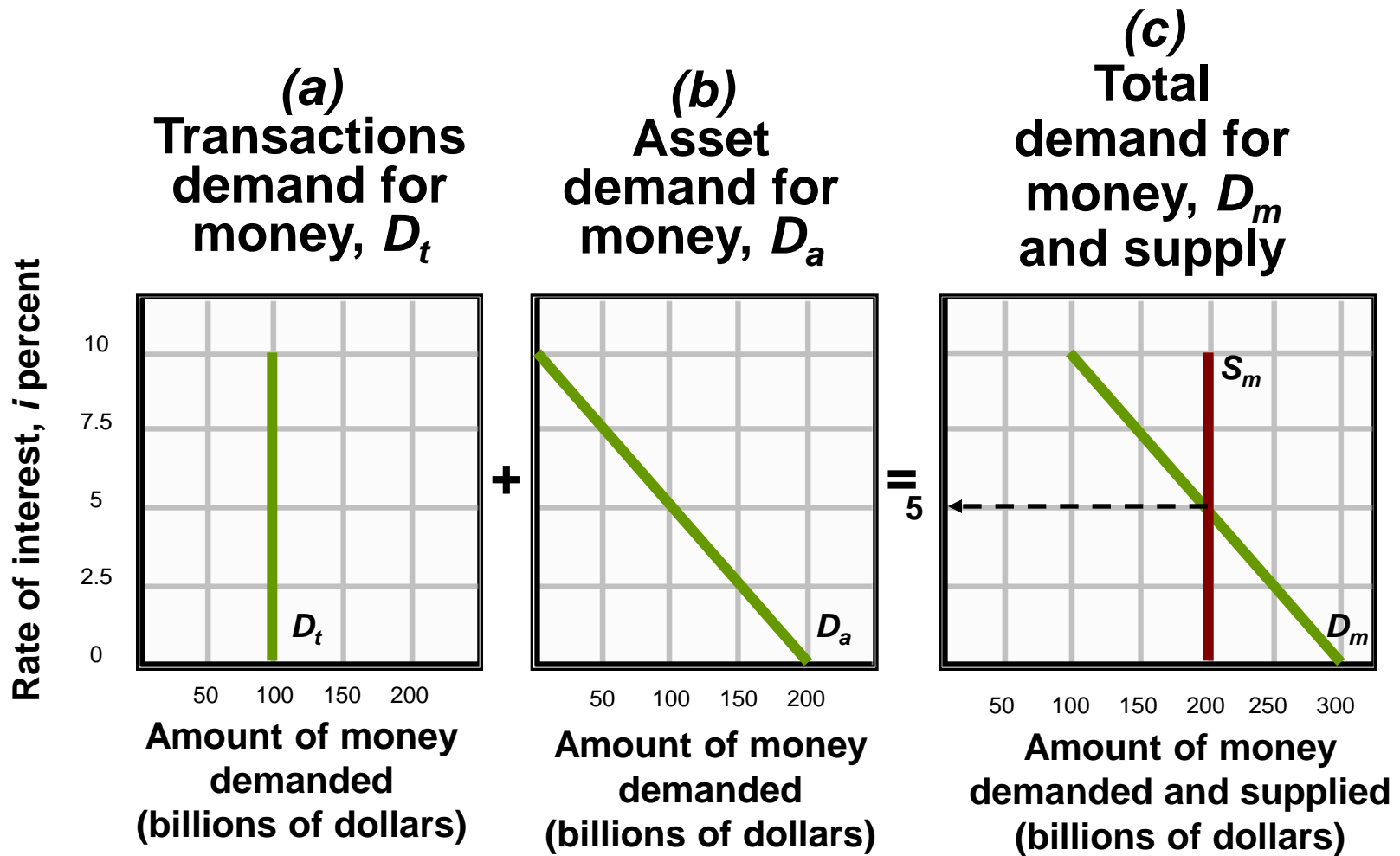
Interest Rates

- The price paid for the use of money
- Many different interest rates
- Speak as if only one interest rate
- Determined by the money supply and money demand

Demand for Money

- Why hold money?
- Transactions demand, D_t
 - Determined by nominal GDP
 - The demand for money as a MEDIUM OF EXCHANGE
 - Independent of the interest rate
- Asset demand, D_a
 - Money as a store of value-holding money as an asset.
Earns little to no interest, however.
 - Varies inversely with the interest rate-at a higher rate of interest, it makes more sense to invest it elsewhere.
Think opportunity cost.
- Total money demand, D_m

Demand for Money



Equilibrium Interest Rate

- Interest rates and bond prices have an inverse relationship.
- \$50 annual interest payment on a \$1000 bond, pays 5%--- $50/1000=5\%$
- If the rate increases to 7.5%, then the price of the bond falls to \$667--- $50/\underline{\hspace{2cm}}=7.5\%$
 - $50/.075=\$667$
- If the rate drops, then the price of the bond rises.

Federal Reserve Balance Sheet

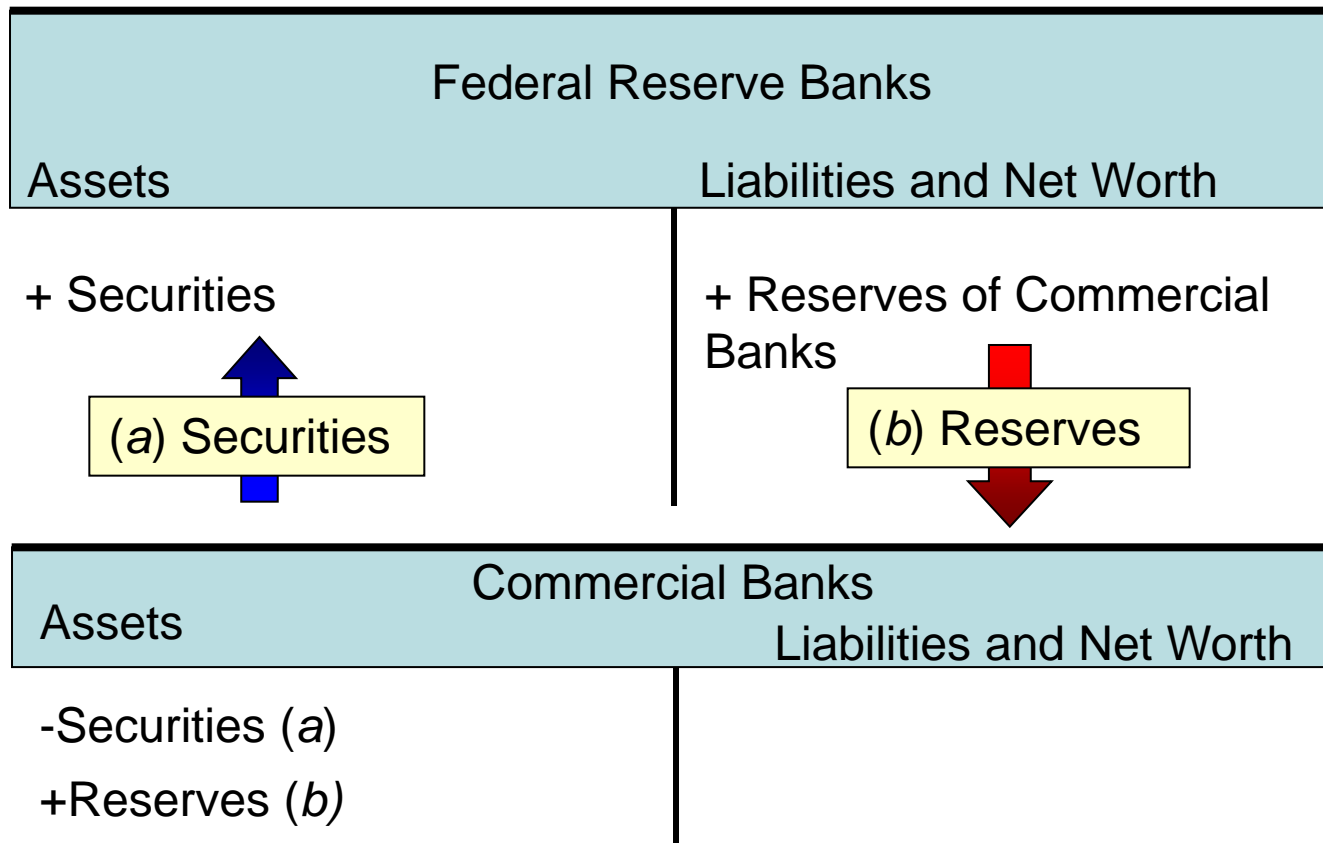
- Assets
 - Securities
 - Loans to commercial banks
- Liabilities
 - Reserves of commercial banks
 - Treasury deposits
 - Federal Reserve Notes outstanding

Tools of Monetary Policy

- Open market operations
 - Buying and selling of government securities (or bonds)
 - Commercial banks and the general public
 - Used to influence the money supply
- When the Fed sells securities, commercial bank reserves are reduced

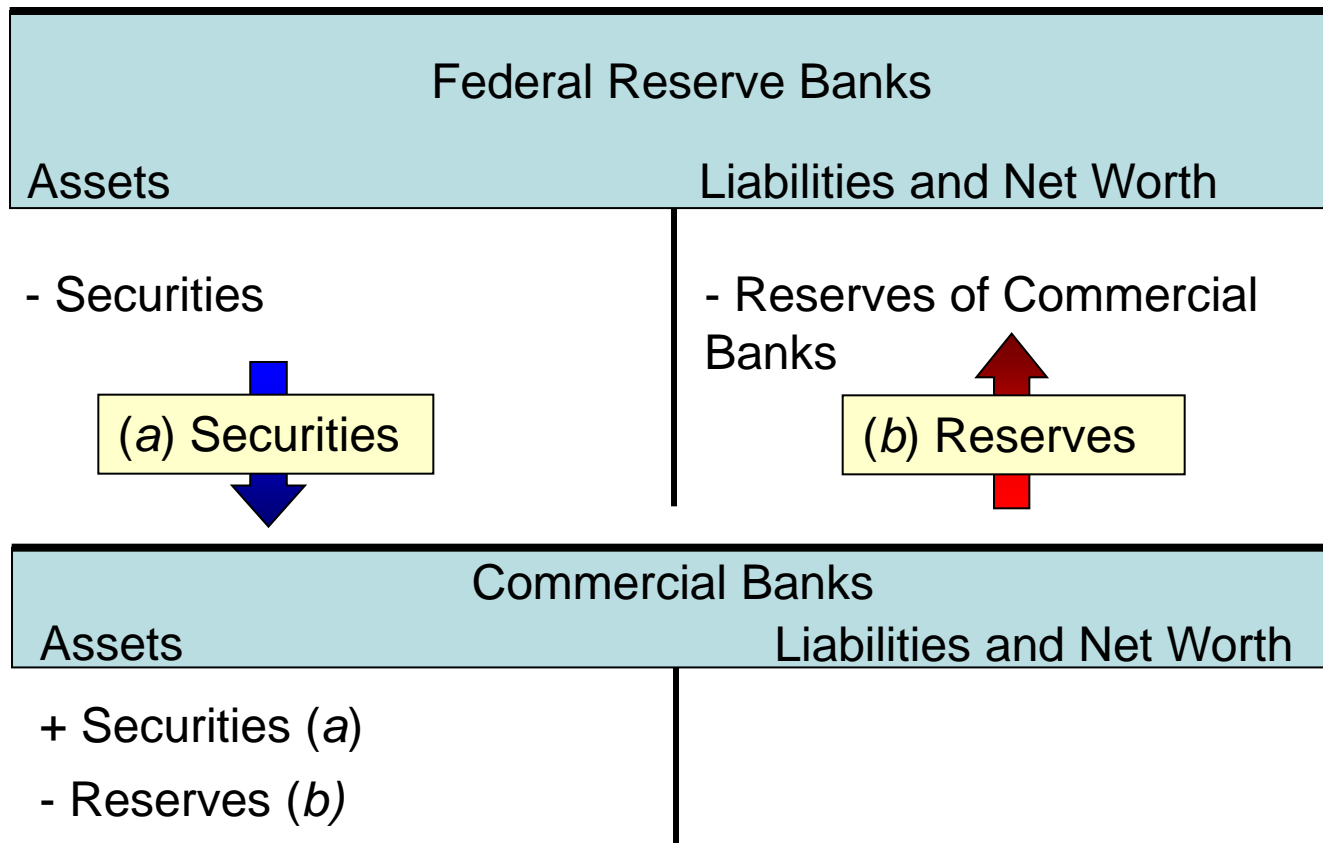
Tools of Monetary Policy

- Fed buys bonds from commercial banks



Tools of Monetary Policy

- Fed sells bonds to commercial banks



Tools of Monetary Policy

- The reserve ratio
 - Changes the money multiplier
- The discount rate
 - The Fed as lender of last resort
 - Short term loans
- Term auction facility
 - Introduced December 2007
 - Banks bid for the right to borrow reserves
 - The Fed loans out the reserves and it ensures that reserves are increased by a specific amount. The interest rate paid is the one submitted by the lowest bidder.
 - On the balance sheet, it looks just like a loan at the discount rate.

Tools of Monetary Policy

- Open market operations are the most important
- Reserve ratio last changed in 1992
- Discount rate was a passive tool
- Term auction facility is new
 - Guaranteed amount lent by the Fed
 - Anonymous

The Federal Funds Rate

- Rate charged by banks on overnight loans
- Targeted by the Federal Reserve
- FOMC conducts open market operations to achieve the target
- Demand curve for Federal funds
- Supply curve for Federal funds

Monetary Policy

- Expansionary monetary policy
 - Economy faces a recession
 - Lower target for Federal funds rate
 - Fed buys securities
 - Expanded money supply
 - Downward pressure on other interest rates

Monetary Policy

- Restrictive monetary policy
 - Periods of rising inflation
 - Increases Federal funds rate
 - Increases money supply
 - Increases other interest rates

Taylor Rule

- Rule of thumb for tracking actual monetary policy
- Two goals-low inflation and full employment
- **Fed has 2% target inflation rate**
- If real GDP = potential GDP and inflation is 2%, then targeted Federal funds rate is 4% (which would be 2% after inflation).
- Target varies as inflation and real GDP vary

Expansionary Monetary Policy

Problem: Unemployment and Recession

Fed buys bonds, lowers reserve ratio, lowers the discount rate, or increases reserve auctions

Excess reserves increase

Federal funds rate falls

Money supply rises

Interest rate falls

Investment spending increases

Aggregate demand increases

Real GDP rises

CAUSE-EFFECT CHAIN

Restrictive Monetary Policy

Problem: Inflation

Fed sells bonds, increases reserve ratio, increases the discount rate, or decreases reserve auctions

Excess reserves decrease

Federal funds rate rises

Money supply falls

Interest rate rises

Investment spending decreases

Aggregate demand decreases

Inflation declines

CAUSE-EFFECT CHAIN

Evaluation and Issues

- Advantages over fiscal policy
 - Speed and flexibility
 - Isolation from political pressure
 - Monetary policy is more subtle than fiscal policy

Problems and Complications

- Lags
 - Recognition and operational
 - Cyclical asymmetry
 - Liquidity trap

- [Clifford #1](#) (4.9)
- [Clifford #2](#) (4.10)
- [Clifford #3](#) (Fiscal/Monetary review)
- [Clifford #4](#) (Interview)
- [Clifford #5](#) (Interest rates)